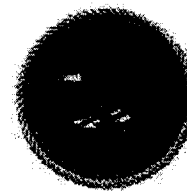April 13, 2004

U.S. Department of Justice
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Illinois Man who Distributed Illegally Copied Movies Pleads Guilty to Federal Copyright Infringement Charges

An Illinois man has pleaded guilty to federal copyright infringement charges for reproducing and distributing more than 200 Academy Award "screeners."

Russell William Sprague, 51, of Homewood, Illinois, pleaded guilty yesterday to one felony count of criminal copyright infringement. Sprague obtained the movies - which included "Master and Commander: The Far Side of the World" and "House of Sand and Fog" - from an actor who was a member of the Academy of Motion Picture Arts and Sciences. The actor - Carmine Caridi, who has since been expelled from the Academy - received copies of dozens of Oscar-nominated films every year. Sprague took the screeners in VHS tape format, digitized the films and produced illegal DVDs that were distributed to a variety of persons.

The case against Sprague resulted from an investigation into Internet postings of seven feature films that had been nominated for Academy Awards. Forensic analysis of the films posted on the Internet revealed that many of the movies were derived from Academy screeners that had been embedded with a new digital watermark that discretely identifies individual screening tapes. This watermark on all seven movies linked them to actor Carmine Caridi, who admitted sending copies of his screeners to Sprague in Illinois.

Sprague was arrested pursuant to a criminal complaint on January 22. He was freed on bond, and he was indicted by a federal grand jury in Los Angeles on February 12. Sprague pleaded guilty before United States District Judge George H. King, who is scheduled to sentence him on July 26. At sentencing, Sprague faces a maximum penalty of three years in federal prison.

The case against Sprague is the result of an investigation conducted by the Federal Bureau of Investigation.

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EXHIBIT C